



# A Study of Small Scale Industries Credit by Selected Public Sector Banks in Gujarat

## KEYWORDS

promoting; important; role; developing; employment; economic; government

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**ABSTRACT** The banking sector plays a vital role through promoting business in urban as well as in rural areas. Banking sector controls are inversely related to financial development because they are mainly based on traditional macroeconomics factor. Small scale industries today constitutes a very important segment of the Indian economy. Small scale Industries play a key role in the industrialization of a developing country. This is because they provide immediate large scale employment and have a comparatively higher labour capital ratio. They need a shorter gestation period and relatively smaller markets to be economic. In spite of these lots of attempts of government of Gujarat and government of India this sector is not raising as accepted to other countries and economy. We have accepted its importance. Inspire of its importance, the small scale sector is beset with the problems of finding facilities given by financial institutions, nationalized banks, private banks, co-operative banks and public sector banks.

## (1) Introduction

Gujarat, since many years has been known as the land of entrepreneurs. It is this entrepreneurial spirit that usher the process of emergence of a sector characterized by many small scale industries in the state. Small scale industries are the major contributors to the economy of any region. With the Indian economy steadily aligning with the global environment, a need is now felt to strengthen small sector units in terms of an array of needs like capacity building, infrastructural support, financing, technology up gradation, research and development activities, quality improvement, market access and many more. So as to enable them to have competitive advantages in the international market.

Public Sector Banks are such banks which are generating funds through the public or institutions and 51 or more than 51% ownership of the government and managed by the government. All government owned banks fall in this variety besides the reserve bank of India, the state bank of India and its associated banks and about 20 nationalized banks all comprises of the public sector banks many of the regional rural banks that are funded by the government banks can also be clubbed in this gender

## (2) Hypothesis Testing- Single Factor ANOVA

### Table-1

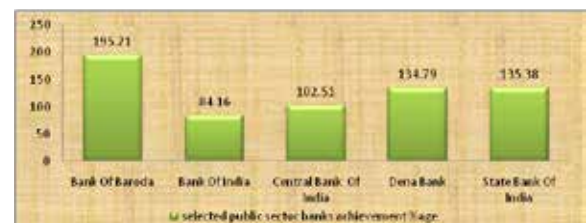
Bank wise total target achievement amount in selected public sector banks for last five years (small scale industries finance)

(Amount Rs. In Lakhs)

Selected public sector banks				
No	Name of Bank	Total Target	Total Credit	% age
1	Bank Of Baroda	351967.8	687068.7	195.21
2	Bank Of India	156335.4	131567.9	84.16
3	Central Bank Of India	65967.5	67624.4	102.51
4	Dena Bank	165567.8	223166.4	134.79
5	State Bank Of India	964007.9	1305029	135.38

Source – State Level Bankers Committee Report- Gujarat

Chart-1



## ANOVA

Source of Variation	SS	df	MS	F Calculate	P-value	F Tabulate
Between Groups	50496657210	1	50496657210	0.25096	0.62989	5.317655
Within Groups	16097097790	8	20121372237			
Total	16602064362	9				

### Null $H_0$ :

$H_0$ : There is no significant difference in bank wise total target achievement amount credit to SSI by selected public sector banks during the period of study.

### Alternative $H_1$ :

$H_1$ : There is significant difference in bank wise total target achievement amount credit to SSI by selected public sector banks during the period of study.

5% level of significant

F Tabulate = 5.31

F Calculate = 0.25

F Calculate < F Tabulate so  $H_0$  is accepted,

Calculate value < Tabulate value so we find that there is no significant difference in bank wise total target achievement amount credit to SSI by selected public sector banks during the period of study. It means bank wise actual credit/loan amount are significantly more than decided credit amount to SSI in Gujarat by selected private sector banks

for last ten years.

And, other finding is that Bank of India not achieved 100% or more over total target amount credit to SSI in Gujarat for last five years.

**(3) Common size statement Analysis**

**Table-2**

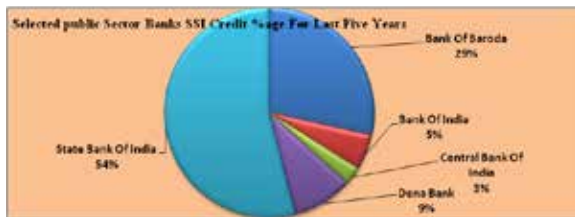
Bank wise small scale industries finance amount by selected public sector banks in Gujarat for last ten years

(Amount Rs.In Lakhs)

No	Name of Bank	Small scale industries finance in Gujarat					Total
		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
1	Bank Of Baroda	89613	89804	127802	181296	198554	687068
2	Bank Of India	28522	24612	29923	32687	15823	131567
3	Central Bank Of India	10256	12084	13179	14449	17674	67624
4	Dena Bank	22086	22052	23931	64259	90837	223166
5	State Bank Of India	177518	178596	323295	321093	304528	1305029
		327975	327149	518130	613784	627417	2414457

Source – State Level Bankers Committee Report- Gujarat

**Chart-2**



**Analysis**

In the period of study total amount Rs.2414457.00 lakhs credited to SSI by selected public sector banks. The following public banks have been listed in order of their total credit to SSI in Gujarat for last five years

- (1) State Banks of India 54% (Rs.1305029 lakhs)
- (2) Bank of Baroda 29% (Rs.687068.69 lakhs)
- (3) Dena Bank 9% (Rs.223166 lakhs)
- (4) Bank of India 5% (Rs.131567lakhs)
- (5) Central Bank of India 3% (Rs.67624 lakhs)

It means, above more financier public sector banks policy and position related to SSI finance in Gujarat is good comparatively to less financier public sector banks.

**(4) Conclusion**

In various banking functions credit to industries is more important function to bank and Finance is basic need of any industries. So if we want to achieve growth and develop our economic condition it needs to give a financial facilities to our industries. Because of the significant place the SSI sector occupies in our economy an appropriate environment needs to be created for the growth and substance of the small scale units. This call for steps to build on faming strength of small units. Overcome their weakness. Availability of timely and adequate financial assistance is vital for the growth of SSI units. A multi-agency credit structure to fill the financial needs of small scale units has evolved over the year by year.

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